

DIRECT TESTIMONY AND EXHIBIT

OF

GRETCHEN POOL

ON BEHALF OF

THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF

DOCKET NO. 2022-2-E

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Gretchen Pool. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina 29201. I am employed by the State of South Carolina as a Senior Regulatory Analyst of Energy Efficiency and Renewables in the Utility Rates and Services Division of the Office of Regulatory Staff ("ORS").

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received my Bachelor of Arts in Corporate Communication from the College of Charleston in 2001. For more than 15 years, I held a variety of positions at SCANA Corporation and its subsidiary, South Carolina Electric & Gas Company (now known as Dominion Energy South Carolina, Inc.) where I worked in the areas of customer service, legal bankruptcy, energy efficiency, demand side management program implementation and analyses, and corporate and public education. I joined ORS in my current role in April 2020.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA (“COMMISSION”)?

A. Yes. I previously testified before the Commission in Docket Nos. 2021-89-E and 2021-90-E pertaining to Duke Energy Carolinas, LLC’s and Duke Energy Progress, LLC’s most recent avoided cost proceedings.

Q. WHAT IS THE MISSION OF THE OFFICE OF REGULATORY STAFF?

A. ORS represents the public interest as defined by the South Carolina General Assembly as:

[T]he concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING AND HOW DOES YOUR DIRECT TESTIMONY REPRESENT THE PUBLIC INTEREST?

A. The purpose of my direct testimony is to set forth ORS’s recommendations resulting from the examination of Dominion Energy South Carolina, Inc.’s. (“DESC” or “Company”) Distributed Energy Resource Program (“DERP”) expenses for the period of January 2021 through December 2021 (“Actual Period”), January 2022 through April 2022 (“Estimated Period”), and May 2022 through April 2023 (“Forecasted Period”). By reviewing the Company’s DERP portfolio and associated costs to ensure the Company’s compliance with applicable statutes and Commission Orders, my direct testimony promotes the public interest.

1 **Q. WAS THE REVIEW TO WHICH YOU TESTIFY PERFORMED BY YOU OR**
2 **UNDER YOUR SUPERVISION?**

3 A. Yes. The review to which I testify was performed by me or under my supervision.

4 **Q. WHAT EXPENSES RELATED TO THE COMPANY'S DERP ARE INCLUDED IN**
5 **THIS PROCEEDING?**

6 A. Pursuant to S.C. Code Ann. § 58-39-130(A)(2), an electrical utility with an
7 approved DERP may recover associated costs that are reasonably and prudently incurred,
8 and pursuant to S.C. Code Ann. § 58-39-140(F), cost recovery shall remain in force until
9 all approved DERP components have been recovered. The Company's DERP was
10 approved in Commission Order No. 2015-512 and the Company included in this filing
11 Actual, Estimated, and Forecasted avoided and incremental costs for the period of January
12 1, 2021, through April 30, 2023.

13 **Q. PLEASE EXPLAIN THE INCLUSION OF DERP AVOIDED COSTS TO BE**
14 **RECOVERED IN THIS PROCEEDING.**

15 A. According to S.C. Code Ann. § 58-39-140, payments for electricity provided under
16 the DERP that are paid at avoided cost rates or rates negotiated pursuant to the Public
17 Utility Regulatory Policy Act of 1978 ("PURPA"), whichever is lower, are eligible to be
18 recovered through the DERP avoided cost component.

19 The Company incurred DERP avoided costs during the Actual and Estimated
20 Periods for Bill Credit Agreements ("BCAs") paid to customers, purchased power from
21 utility-scale and community solar facilities, and excess Net Energy Metering ("NEM")
22 payments to customers. These costs were allocated using the same method the Company

uses to allocate and recover variable environmental costs. Actual and estimated DERP avoided cost totals are shown in ORS Witness Briseno's Exhibit ADB-8.

Q. WHAT TYPES OF EXPENSES HAS THE COMPANY INCLUDED AS DERP INCREMENTAL COSTS?

A. The Company included costs in excess of avoided costs, administrative and general ("A&G") costs, NEM and BCA incentives, NEM future benefits, NEM performance-based incentives, depreciation costs, community solar costs, utility-scale incentives, and associated carrying costs on under-collection of DERP incremental costs due to annual recovery caps prescribed in S.C. Code Ann. § 58-39-150 for the Actual, Estimated, and Forecasted Periods. Actual and Estimated DERP incremental cost totals are shown in ORS Witness Briseno's Exhibit ADB-7. Exhibit GCP-1 reflects the cumulative (over)/under-recovery of the Actual, Estimated, and Forecasted DERP incremental costs.

Q. DID ORS FIND THE COMPANY'S DERP AVOIDED AND INCREMENTAL COSTS TO BE REASONABLE?

A. Yes. ORS reviewed Actual DERP avoided and incremental costs and found them to be reasonably and prudently incurred in implementing the Company's DERP. ORS also reviewed the Company's Estimated and Forecasted DERP avoided and incremental costs and found them to be reasonable.

Q. PLEASE EXPLAIN THE DERP CHARGE PER ACCOUNT.

A. The fixed charge by which the Company proposes to recover DERP incremental costs ("DERP Charge") is determined by allocating DERP incremental expenses in the same way the Company allocates variable environmental expenses. The revenue is collected as a fixed charge per account to ensure that no account charge exceeds the annual

recovery caps prescribed in S.C. Code Ann. § 58-39-150. ORS finds the Company's methodology to calculate, allocate, and collect the DERP Charge complies with Act 236 and with Commission orders.

Q. WILL THE PROPOSED ANNUAL DERP CHARGES RECOVER ALL OF THE INCREMENTAL COSTS?

A. No. The proposed Residential and Large General Service ("LGS") DERP Charges will not recover all the incremental costs allocated to those customer classes. A full recovery of DERP incremental costs would require an annual DERP charge of \$23.88 for Residential customers and \$20,203.49 for LGS customers. However, the annual recovery caps prescribed in S.C. Code Ann. § 58-39-150 limit the amount Residential and LGS customers can be charged each year to \$12.00 and \$1,200.00, respectively. DESC's proposed annual DERP Charge of \$81.80 will recover all DERP incremental costs from Small and Medium General Service customers as the cost is under the \$120.00 annual recovery cap for that class.

Q. DID THE COMPANY MAKE ANY ADJUSTMENTS TO ITS DERP AVOIDED OR DER INCREMENTAL COSTS?

A. Yes. As shown in Company Witness Rooks' Corrected Exhibit AWR-8, the Company made three (3) adjustments to DERP incremental costs in this filing. In July 2021, the Company made an over-recovery adjustment of \$94,181 to account for mathematical corrections associated with a restatement of the amortization of unbilled adjustments. In September 2021, an under-recovery adjustment of \$24,041 was made to correct for Community Solar fees that were double counted in May 2021, to correct A&G expenses from August 2021, and to account for an unbilled adjustment from July 2021.

There was an additional over-recovery adjustment of \$77 made in December 2021 for DERP charges that were not applied previously. These adjustments are also shown in ORS Witness Briseno's Exhibit ADB-7.

Q. HOW ARE UNDER-COLLECTED INCREMENTAL COSTS TO BE TREATED?

A. Under-collected incremental costs will earn carrying costs until next year when they will be reallocated using each class's contribution to peak demand.

Q. DOES ORS HAVE ANY RECOMMENDATIONS REGARDING THE DERP CHARGES PROPOSED BY THE COMPANY?

A. No. The Company's calculations comply with Act 236 and with the Commission's Orders in previous DERP-related proceedings and supports the following annual proposed DERP Charges: Residential \$12.00, Small and Medium General Service \$81.80, and LGS \$1,200.00. Exhibit GCP-1 details the DERP Charge by class.

Q. DID ORS REVIEW THE COMPANY'S UPDATE TO THE COMPONENTS OF VALUE FOR NEM DISTRIBUTED ENERGY RESOURCES?

A. Yes, ORS reviewed the Company's updates and generally found them to be in compliance with Order Nos. 2015-194 and 2021-569, as well as with the Commission Directive issued in Docket No. 2021-88-E ("Directive").

The Company used the 20-year planning horizon as required by the Commission in Order No. 2021-569 and set the value for avoided capacity for the 20-year planning horizon consistent with the Directive. The Company also used the Utility Integration Costs determined in the Directive in this proceeding.

Pursuant to Order No. 2021-569, Avoided Fuel Hedge is to be considered if the electrical utility engages in financial hedging to hedge against rising fuel costs. The

Company did not hedge fuel for electric generation, therefore the cost and value for fuel hedging is zero in this proceeding.

Order No. 2021-569 also requires a determination of marginal line losses associated with customer-generator facilities. The Company did not update marginal line losses but filed the Transmission & Distribution Narrative and Marginal Line Loss Plan (“Plan”) with the Commission on November 17, 2021. The Company’s Plan and its components associated with customer-generator facilities (including transmission and distribution capacity and line losses) are discussed in Company Witness Neely’s Direct Testimony on pages 12 and 13.

ORS intends to participate in the Company’s Industry Stakeholder Meeting(s), which the Company proposes to begin by the end of Quarter No. 2, 2022, as outlined in the Plan. ORS anticipates that any actionable items from the stakeholder process will be implemented in the Company’s next avoided cost docket in 2023.

Q. DID THE COMPANY UPDATE THE VALUE OF NEM DISTRIBUTED ENERGY RESOURCES?

A. Yes. As shown on page 8 of Company Witness Neely’s direct testimony, the Company proposes a total value of NEM distributed generation of \$0.03093/kilowatt-hour (“kWh”) over a one (1)-year planning horizon and \$0.04248/kWh over a twenty (20)-year planning horizon. The one (1)-year value is used by the Company to determine the NEM incentive. The Company then uses the difference between the one (1)-year value and twenty (20)-year value to determine the NEM future benefits.

Q. IS THE COMPANY’S CALCULATION OF THE NEM INCENTIVE CONSISTENT WITH DOCKET NO. 2014-246-E?

1 A. Yes. The Company used the methodology approved in Commission Order No.
2 2015-194 to calculate the NEM incentive. DESC determined the difference between the
3 expected revenues from NEM customers with and without DERP. Once the revenue gap
4 was identified, the value of the customers' distributed generation was calculated using the
5 amount from the NEM tariff approved in Commission Order No. 2020-331 in Docket No.
6 2020-2-E. The outstanding revenue was divided by the number of kWhs the customers of
7 each applicable rate schedule generated to calculate the NEM incentive.

8 **Q. PLEASE DISCUSS THE VARIABLE INTEGRATION CHARGE ("VIC") THE**
9 **COMPANY APPLIED TO ITS NON-DER SOLAR POWER PURCHASE**
10 **AGREEMENTS IN ITS BASE FUEL COST CALCULATIONS.**

11 A. As detailed by Company Witness Rooks on page 8 of his Corrected Direct
12 Testimony, the Company applied a VIC of \$0.00180 per kilowatt-hour pursuant to the
13 Commission Directive issued on November 16, 2021, in the Company's most recent
14 Avoided Cost proceeding (Docket No. 2021-88-E). In doing so, the Company realized a
15 reduction in purchased power fuel costs for the Actual Period of \$1,786,497 which will be
16 recorded by the Company as an adjustment in April 2022. This adjustment is shown in
17 ORS Witness Briseno's Exhibit ADB-4 as part of the (\$67,717,431) other company
18 adjustments in April 2022. The Company also anticipates and accounted for an additional
19 reduction of approximately \$1,513,503 in the Forecasted Period, thereby lowering fuel
20 costs for the Company's electric customers by approximately \$3.3 million in this filing.
21 ORS reviewed the Company's application of the VIC and discussed the subject with the
22 Company and recommends the Commission approve the Company's requested adjustment
23 to its base fuel cost calculations.

Q. DOES ORS HAVE ANY RECOMMENDATIONS REGARDING THE PROPOSED UPDATES TO THE SECOND AND THIRD NEM FOR RENEWABLE ENERGY FACILITIES TARIFFS (“NEM TARIFFS”) THE COMPANY INCLUDED IN ITS FILING?

A. No. ORS reviewed the Company’s updated NEM Tariffs and does not oppose the updates to the value of NEM generation. ORS recommends the Commission accept the Company’s proposed updates to the NEM Tariffs.

Q. WILL YOU UPDATE YOUR DIRECT TESTIMONY BASED ON INFORMATION THAT BECOMES AVAILABLE?

A. Yes. ORS fully reserves the right to revise its recommendations via supplemental testimony should new information not previously provided by the Company, or other sources, becomes available.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

Office of Regulatory Staff
Calculation of DERP Charge
Dominion Energy South Carolina, Inc.
Docket No. 2022-2-E

(Over)/Under- Recovery of DERP Incremental Costs January 2021 through April 2022			
	Residential	Small and Medium General Service	Large General Service
Cumulative (Over)/Under-Recovery	\$4,953,986	\$2,689,609	\$1,955,294
(Over)/Under- Recovery of DERP Incremental Costs May 2022 through April 2023			
	Residential	Small and Medium General Service	Large General Service
Cumulative (Over)/Under-Recovery	\$11,170,274	\$6,064,543	\$4,408,806
Total DERP Charge January 2021 through April 2023			
	Residential¹	Small and Medium General Service	Large General Service²
Cumulative Under-Recovery through April 2023	\$16,124,260	\$8,754,152	\$6,364,100
Number of Accounts	675,135	107,019	315
Annual Cost (\$)	\$12.00	\$81.80	\$1,200.00
Monthly DERP Charge (\$)	\$1.00	\$6.82	\$100.00

¹ Residential monthly charges are capped in compliance with Act 236.

² Large General Service monthly charges are capped in compliance with Act 236.